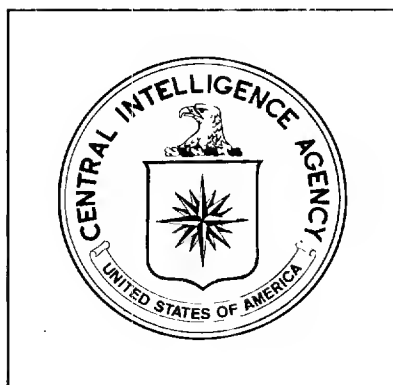


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SOVIET UNION - EASTERN EUROPE

This publication is prepared for regional specialists in the Washington community by the USSR - Eastern Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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USSR-Libya: Warming Trend Setting In?

Soviet Premier Kosygin's visit to Libya appears to have resulted in a general commitment by Moscow and Tripoli to expand their military and economic ties and enter into some degree of political cooperation.

Kosygin's reception was initially cool, and it is clear there are still important differences. The Soviet, however, did hold two conversations with President Qadhafi that were billed as "friendly." Judging by Moscow's account, the communique marking the end of the visit was notably more positive than the one issued after Libyan Prime Minister Jallud's visit to Moscow last year.

Moscow's rapidly growing military sales to Libya were undoubtedly discussed, and new agreements may well have been reached. A Soviet military delegation had preceded Kosygin to Libya, and a senior military aid specialist was in his entourage.

25X1C [REDACTED] Kosygin brought with him a pledge to increase the number of tanks Moscow will sell Tripoli from 600 to 1,200 and include 200 of Moscow's latest model--the T-72--among them. So far, the Soviets have not exported the T-72--which is equipped with laser gun sights and computers. 25X1C [REDACTED] the Libyans will raise the ceiling on Soviet military technicians allowed in the country from 300 to 600.

Moscow last year entered into a major military deal with Libya and has gradually been delivering promised weapons. The Soviet desire to get some of Libya's oil money is one important factor behind the sales.

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Differences between the two countries over a Middle East settlement were on open display. Kosygin said publicly that Geneva should be reconvened in order to ensure the independence of "all" states--a clear allusion to Israel. Although the Soviets continue to call for Arab unity in dealing with Israel, it is unlikely that Moscow has much expectation of swaying the Libyans.

Libyan Prime Minister Jallud met with the head of one of the most extreme fedayeen groups on the eve of Kosygin's visit to make plain Libya's continued support for radical Arabs. Tripoli also deleted references to Geneva from its account of Kosygin's speech.

Antagonism to Egypt is a key reason Moscow and Libya began to search last year for ways to put their relations on a better footing. Both will therefore be pleased at Sadat's anxious reaction to Kosygin's visit. In an interview Wednesday, the Egyptian said the trip "poses a strange question mark" in view of the "legendary dimensions" of Moscow's arms commitments to Tripoli.

Sadat will probably take particular note of the communique's statement that Moscow and Libya have many "identical interests" and its call for regular consultations aimed at closer political coordination. Such phrases are new to the Libyan-Soviet relationship. Although Moscow and Tripoli hope this language will increase Sadat's nervousness, it is doubtful that their relationship has yet reached the point where they are actively concerting against Egypt. (SECRET NO FOREIGN DISSEM/NO DISSEM ABROAD/CONTROLLED DISSEM/BACKGROUND USE ONLY)


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Vienna Recalls Its Ambassador to Belgrade

Vienna recalled its ambassador to Belgrade on May 15 in reaction to what it described as the "exceedingly peculiar and astonishing statement of the Yugoslav government" on the 20th anniversary of the Austrian state treaty.

The top Yugoslav governmental body, the Federal Executive Council, had published a statement on May 13 charging Vienna with failure "to implement in good faith in relation to Yugoslavia the fundamental provisions of this treaty." Among the many charges leveled at Vienna were national intolerance, hatred, and territorial irredentism, and allowing to go unpunished the activities of Yugoslav emigre organizations that "launch terrorist actions" from Austria against Yugoslavia.

Milika Sundic, radio Zagreb's authoritative commentator, added fuel to the fire on May 15 when he attacked not only Vienna's alleged lax observance of the treaty, but also Austrian Chancellor Kreisky personally. Sundic described Kreisky's reaction to Belgrade's statement as being the most "crude and insipid" to be heard "for a long time." Reminding the Austrian chancellor that Hitler's propagandist Goebbels indulged in similar rhetoric, Sundic acidly remarked that "Austria has not ceased to plot with the vestiges of Naziism since the day it acquired its independence."

Kreisky--who is running for re-election in October--could hardly have ignored the official Yugoslav demarche, since it came at a time when many high-level foreign delegations were in Vienna to mark the state treaty anniversary. The governing Socialist Party managed to retain all its seats in recent provisional elections in Carinthia by taking a tough stand on the issue of Yugoslav minorities in Austria, and this, too, may have contributed to Vienna's strong reaction.
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Warsaw Pact Anniversary

Moscow used the twentieth anniversary celebration of the Warsaw Pact this week to urge again the need for greater foreign policy coordination among the pact members.

The Soviets had hoped to announce the creation of a permanent committee of pact foreign ministers and a pact secretariat headed by a strong Soviet secretary general. They were stymied by the Romanians, whose concern over Soviet domination has led them to fight similar ideas in the past. These differences may have prompted the cancellation of Soviet plans for an anniversary summit in Moscow and the convening instead of pact parliamentarians in Warsaw to celebrate the occasion. According to a Romanian diplomat, there is a possibility that a pact summit could take place in early June after the NATO chiefs of government meeting.

In an anniversary speech Soviet Foreign Minister Gromyko reiterated Brezhnev's long-standing intention, also echoed in substance by *Pravda* and by the Warsaw Pact commander Soviet Marshal Yakubovsky, to make the pact "the main center for coordinating the fraternal countries' foreign policy." The Soviet statements did not spell out precisely how pact coordination would be enhanced, but the "leading role" of the pact's political consultative committee was singled out for praise. Gromyko also extolled the use of bloc summit meetings outside the Warsaw Pact framework, perhaps as a way of signalling Moscow's determination to ride herd on the foreign policies of the pact members even if structural changes in the pact organization are not immediately forthcoming.


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Gromyko indicated that in pushing the pact toward greater foreign policy coordination, Moscow has no intention of diminishing its usefulness as a mechanism for Soviet control in Eastern Europe. He stated that the pact served as a "reliable shield" for the "gains of socialism," a clear reference to the pact's police functions in Eastern Europe, and that the pact was based on the "granite foundations of proletarian internationalism," the Soviet rationale for the 1968 invasion of Czechoslovakia.

In the area of military coordination, Gromyko broadened the pact's pledge of mutual aid "in the event of an armed attack by an aggressor" by deleting the treaty language calling for such aid if the attack took place in Europe. This will once again raise the specter of Warsaw Pact troops being used in any fighting along the Chinese border.
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Poland: President Gierek?

[REDACTED] the Polish regime will soon create the position of Presidency of the Republic, which Gierek will take over to supplement his post of party first secretary. The parliament may establish the presidency when it meets later this month to approve Gierek's wide-ranging reorganization of the Polish bureaucracy.

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[REDACTED] do not indicate whether the party chief will be president ex officio, as has been the case at some lower levels of the Polish administrative bureaucracy, nor do they indicate what powers the president would have. Under the present system, the chief of state is the Chairman of the Council of State, and has very little political authority.

[REDACTED] generally imply that Gierek's power would be enhanced under the new system, but we suspect that Gierek would accept the presidency largely for reasons of prestige. As president under the law, he would avoid the protocol problems that face an East European party boss who is not also chief of state. Party chiefs Tito and Ceausescu both hold the office of president, and Bulgaria's party boss, Todor Zhivkov, is chief of state. There are strong indications that Czechoslovakia's Husak will assume the presidency by the end of the month, while retaining the party's top office.

In any case, the real center of power in Poland will remain within the party Politburo. Current indications are that Gierek will almost certainly be re-elected first secretary at the 7th party congress in December. (SECRET NO FOREIGN DISSEM/NO DISSEM ABROAD/BACKGROUND USE ONLY/CONTROLLED DISSEM)

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Romanians Sympathetic to US on Mayaguez

Foreign Minister Macovescu has said [REDACTED] that Bucharest understands the US decision to retrieve the Mayaguez and its crew from the Cambodians. Macovescu added that he had "great admiration" for Washington's conduct of its affairs in Indochina in recent weeks.

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Speaking to the US ambassador on May 15, Macovescu commented that he knew the President's decision must have been very difficult, and hoped Washington had observed that Bucharest "played it quiet" during the crisis. As trying as the situation might be in the Far East, Macovescu continued, the rest of the world will, fairly or unfairly, look to the US as the principal source of stability in the region.

Macovescu's comments were no doubt intended to offset Bucharest's public reiteration of the line taken by other Warsaw Pact members earlier this week, but a show of strength by the US is not regarded by the Romanians--in private at least--as altogether a bad thing. (CONFIDENTIAL NO FOREIGN DISSEM/BACKGROUND USE ONLY)

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Hungary To Negotiate Textile Agreement with EC

Hungary and Romania have told the EC that they are prepared to negotiate textile agreements with the community.

These would be the first formal negotiations between the EC Commission and individual CEMA countries since Soviet-inspired efforts to establish an overall CEMA-EC relationship got under way more than a year ago. The textile talks will be taking place in the context of the international Multilateral Fiber Agreement, to which both Hungary and Romania are signatories.

EC officials probably see the Hungarian decision as a hopeful sign that the EC can establish direct contacts with individual CEMA countries. In the past, EC members have responded cautiously to overtures for a CEMA-EC accord because of their reluctance to have all dealings with member countries channeled through the CEMA organizational structure.

Budapest--unlike maverick Romania--has recently shown little disposition to independent flirtations with the EC, presumably so as not to give the appearance of undercutting higher level CEMA-EC talks. It may have decided on its own to go ahead, but more likely advised Moscow of its plans. The Soviets may have raised no objections because they calculated that Hungary's difficult economic situation, the lack of progress in the CEMA-EC dialogue, and the special nature of the talks all argued for an exception in this case. (UNCLASSIFIED)


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Soviet Ambassador Forbids Demonstrations
by Austrian Communist Party

Soviet Ambassador Yefremov has flatly forbidden the Austrian Communist Party or its subsidiary organizations to participate in any demonstrations during Secretary Kissinger's meeting with Gromyko next week or the President's meeting with Sadat on June 1. Yefremov's original order was conveyed to the Austrian party on May 5 and was repeated on May 9 after the Austrian party had been invited by the Association of Austrian Socialist Students to join in a demonstration scheduled for the arrival of President Ford at the Salzburg airport. The Austrian communists estimated that prior to the US action against Cambodia, the student association would have been able to muster only about 200 demonstrators without communist support.

The Soviets have imposed similar restrictions during previous appearances of US leaders in Austria, and their orders have been carried out, although other leftists did stage demonstrations.
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Key Link Opened
On Trans-Siberian Railroad Project

Operations began May 8 on a 110-mile rail line linking the main Trans-Siberian line at Skovorodino and a major construction base at Tynda.

The Tynda base, until now accessible only by highway over difficult terrain, will serve as a center for construction work eastward and westward on the central section of the important Baykal-Amur railroad project.

Work on the 2,000-mile project began in mid-1974 and is scheduled for completion in 1982. The line will extend from a junction with the Trans-Siberian railroad west of Lake Baykal to the Amur river at Komsomolsk, running as much 200 miles north of the existing Trans-Siberian railroad, which runs near the Chinese border.

The Baykal-Amur line will be a principal over-land route for export traffic to Soviet Pacific ports; it will be several hundred miles shorter than the Trans-Siberian.

From Tynda, a railroad will also be built northward to the rich coal fields at Chulman. (UNCLASSIFIED)


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